



INSURANCE FRAUD INVESTIGATION DIVISION

Kentucky Department of Insurance

909 Leawood Drive, P. O. Box 4050, Frankfort, KY 40604-4050

Phone 502-564-1461 – FAX 502-564-1464

Fraud Statistics/Convictions Activity

February 2011

Fraud Statistics

	<u>Month/Jan</u>	<u>YTD</u>
Total Referrals Received.....	87	174
Closed Referrals.....	138	142
Open Cases (Investigations-includes prior years)		196
Assigned Cases (Investigations).....	15	18
Closed Cases (Investigations).....	7	13
Closed Cases (Investigations) Exceptionally Cleared – Declined by Prosecutor.....	0	1
Charges (3 felony).....	3	8
Convictions (4 misdemeanor)	4	7
Restitution Ordered..... \$	836.25	11,839.83
Restitution Agreed.....\$	0	39,207.30
Investigation Expenses to Division		
Awarded..... \$	0	2,898.75
Collected..... \$	793.23	3682.01
Administrative subpoenas issued.....	1	1
Non-licensed individuals.....		0
Licensed (active/inactive individuals)....	1	1
Subpoenas Received.....	1	5

Convictions Activity

Shannon Marie Kendall – On Oct. 2, 2010, Kendall was involved in an automobile accident with another vehicle. At the accident, Kendall represented that she had the required insurance with Safe Auto Insurance Company, knowing that she did not have valid coverage. She was charged with one felony count of fraudulent insurance acts and one misdemeanor count of failure of owner to maintain required insurance/security. Kendall pleaded guilty to an amended misdemeanor charge of fraudulent insurance acts and failure of owner to maintain required insurance/security. She was placed on diversion for count one and fined \$500 of which \$400 was conditionally discharged for one year. She also was ordered to pay court costs in the amount of \$154 on second count.

Michael A. Morris – On or about June 15, 2006, Morris faxed a fraudulent document to James T. Nash Builder Inc. as proof of valid workers' compensation insurance to secure sub-contract work when in fact he did not have valid workers' compensation coverage. Morris was charged with one felony count of fraudulent insurance acts. He signed a waiver of indictment and pleaded guilty to the amended misdemeanor charge of fraudulent insurance acts. He was sentenced to twelve months; the sentence was withheld, and Morris was placed on conditional probation for two years.

Robert Bruce Bowman – From February 1997 to February 2006, Kentucky Employers' Mutual Insurance Company [KEMI] provided workers' compensation insurance for Bowman's contracting business. He submitted mail audits to KEMI reporting less than \$9,285 in payroll per year. During the period of May 2003 to May 2005, KEMI also provided workers' compensation coverage to Homes by Anderson Tate LLC, one of the companies that subcontracted with Bowman. Homes by Anderson Tate also submitted mail audits for those policy periods and provided documentation of payments to subcontractors, including Bowman. The records from Homes by Anderson Tate showed that Bowman was hired to provide painting services and was paid \$248,847 for the policy period of May 2003 through May 2004. Additionally, he was paid \$215,093 for the policy period of May 2004 through May 2005. Additional audits were conducted and Bowman admitted he did not provide all of the necessary records and underreported his payroll to substantially reduce his workers' compensation premiums. He was charged with one felony count of fraudulent insurance acts over \$500 and entered a guilty plea to the amended misdemeanor charge of criminal attempt to commit fraudulent insurance acts over \$500. Bowman paid \$39,207.30 in restitution to KEMI and \$500 to the Fraud Division for investigation expenses.